

QUESTIONS & ANSWERS

DE-RP96-03PO54500

1. In section A.5.a. of the Request for Offers, it states that the receipt capability may decline as caverns are filled. As this rate may decline significantly, will the DOE pay any demurrage that is incurred when this happens, or must contractor take this risk? **DOE is not liable for demurrage charges in regard to this issue. Contractor is responsible for this risk.**
2. Are DOE credits available for use at Sun Terminal as in the past, or is the contractor responsible to pay Sun for all tankage costs? **Contractor is responsible for all terminal costs at Sun including tankage.**
3. If Title transfer is at Sun dock meter, does Contractor have to pay the terminal fees? **Yes.** Reference A.5.b. which states contractor is responsible for all fees up to the point at which title transfers; C.5.b. which states that title transfers at measurement locations; and C.2.a. where Sun dock meters is one possible point of measurement. **Amendment 1 to the solicitation will eliminate reference to the point of title transfer in Section A.5.b.**
4. Under F.2.a, the DOE has specified certain requirements for establishing delivery windows for marine deliveries. If a Contractor delivers within the agreed window, but the DOE or Sun is unable to accept the vessel when NOR is tendered, will the DOE be responsible for demurrage costs? **No, contractor is responsible for all risk and should factor any such contingency into its offer.**
5. It sounds like DOE will no longer absorb the terminalling and tankage costs at Big Hill, is this right? **Yes.** Will we still be using DOE tanks to discharge exchange crude into? If so, will there be a fee? **The tanks to be utilized are set aside by Sun for incoming SPR crude. We don't lease them. The RIK contractor is responsible for all costs associated with crude oil delivery to the sites.**
6. Regarding Inventory Closeout Reconciliation, how will DOE determine market value for crudes like Zafiro and Kole that are not quoted in Platts? **We arrive at a value with the utilization of consulting expertise and then conduct negotiations with the contractor. Failure to arrive at a settlement is subject to the "Disputes" provision.**
7. If the last exchange crude discharged October 31st, does that mean that the cost value established for the exchange crude would be the Platts quote for Oct 31st? **Yes.**

8. If the cost value of Royalty Oil is established at the end of the royalty oil delivery period, does that mean if September is the last month for royalty oil, the average of September Platts trading month quotes are used to establish the cost value?
[Yes.](#)
9. Is it acceptable to use multiple banks to establish the performance letters of credit? [Yes.](#)
10. Mars is listed as a deliverable sour crude. If the quality of Mars deteriorates and no longer meets the minimum API or maximum sulfur specifications for sour crude, will the DOE continue to accept Mars deliveries for the term of the contract? [No](#) There was some discussion at the MMS/DOE sponsored industry meeting that the DOE may choose to take Mars for the entire term of the contract even if the quality changed. [Yes and you are correct in that there was some discussion on this subject at the industry meeting.](#)
11. We are not sure what a Data Universal Numbering System number is.....if you let us know more about it and where we can get it, we will pursue getting the information for you. [This is in association with Dun and Bradstreet Information Services should financial background of an Offeror be required. Contact 1-800-333-0505 to obtain a number for your corporation.](#)
12. In the last solicitation Poseidon was an acceptable crude for SPR delivery. Is this still the case? [Yes](#)
13. A.5. of the solicitation states that receipt capabilities may decline as SPR caverns are filled. What is the expected receipt rate at each location during the timeframe of this solicitation? [The receipt rate for the sites participating in this requirement is 225,000 bbls per day as stipulated in the provision.](#)
14. Is Zafiro an acceptable crude for SPR delivery? [Yes.](#)
15. Section F2a. states: "For marine deliveries, the Contractor shall nominate a delivery program to the DOE not later than the fifteenth day of the second month prior to the month in which deliveries will be made (e.g. by September 15 for November deliveries). The nomination will include a three-day delivery date range for each cargo, the type of oil, and the approximate delivery volume." This is a very early time frame to be narrowing to a 3-day window. What is the ramification if the window is missed? Industry standard would typically be a 5-day window for a nomination that far in advance.

16. Would it be possible to take delivery of a 'sour' royalty crude oil (e.g. Mars / Poeidon) and re-deliver 'sweet' crude to SPR ? **Yes.** Or is the case that the type of exchange oil delivered to the SPR, must match the type of royalty oil delivered to BP. i.e. .sour for sour and sweet for sweet. **No.** Obviously the Y factor that BP would submit, would be different if BP were to take delivery of a sour crude and return sweet, rather than a straight sweet for sweet exchange. **Any acceptable crude oil meeting the SPR specifications illustrated in Exhibit F of the solicitation may be delivered as exchange oil.**
17. In Section C1, reference is made to the offeror taking delivery of any oil additional to the contracted volume at market centre and the exchange delivery amount being adjusted accordingly. It may well be the case that the offerer, is not logistically able to make up the additional volume in the following month's delivery and may only be able to make up the additional volume in the second month following delivery of royalty oil. How would the DOE propose to deal with this situation, is delivery in M+2 or later acceptable ? **In accordance with Provision A.5.c. of the solicitation the contractor must submit and receive approval of a ratable delivery schedule. This schedule is binding unless royalty receipts indicate the schedule needs to be revised to preclude a sufficient imbalance at the end of the contract delivery period.**
18. Section A5, part d refers to interest payable in oil if the offeror fails to deliver 90% of the approved schedule volume. Is there a penalty or interest payable by the offeror if they deliver over the 90% threshold but under 100% of the scheduled volume, as long as the offeror was able to make up this under-delivered volume by the end of the contract period (April 2004)? **No.**
19. Section F2a. states: "For marine deliveries, the Contractor shall nominate a delivery program to the DOE not later than the fifteenth day of the second month prior to the month in which deliveries will be made (e.g. by September 15 for November deliveries). The nomination will include a three-day delivery date range for each cargo, the type of oil, and the approximate delivery volume." This is a very early time frame to be narrowing to a 3-day window. What is the ramification if the window is missed? **Usually demurrage that is for the contractor's account.** Industry standard would typically be a 5-day window for a nomination that far in advance. **Amendment 002 makes revisions to Section F.2 extending to a five-day window, which narrows to a three-day window seven business days prior to the month of delivery.**
20. Which title transfer at the dock meters should the exchange contractor be responsible for tank loss? **No, unless it's contractor provided tank then title transfer is at the tank (see Section C of the solicitation).**

